

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - SPECIAL SESSION COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIR DAVE LEWIS**, on August 5, 2002 at 10:00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Dave Lewis, Chair (R)
Rep. Edith Clark, Vice Chair (R)
Rep. Matt McCann, Vice Chair (D)
Rep. John Brueggeman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Tim Callahan (D)
Rep. Bob Davies (R)
Rep. Stanley (Stan) Fisher (R)
Rep. Dick Haines (R)
Rep. Donald L. Hedges (R)
Rep. Joey Jayne (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. Jeff Pattison (R)
Rep. John Sinrud (R)
Rep. Joe Tropila (D)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Taryn Purdy, Legislative Branch
Mary Lou Schmitz, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 13 - 8/02/02
HB 14 - 8/02/02
HB 15 - 8/02/02
HB 16 - 8/02/02

Executive Action: HB 2 DO PASS AS AMENDED 12-5
HB 13 DO PASS 17-0
HB 15 TABLED 18-0

Chairman Lewis opened the meeting and announced there would be a brief time for comments on HB 2 amendments.

Jacqueline Lenmark, Attorney, American Insurance Association; ACLI, addressed the HB 2 amendment of a 25% across the board cut for travel and the personal services reductions that were applied increasing vacancy savings that affect her clients. Fees are paid by insurance carriers and go into a special revenue account for the regulation of those insurance carriers and the carriers are satisfied with the services the Department is providing. It is the position of the companies she represents that those services be continued and that this Committee consider it.

Representative Lindeen asked if there were any representatives from some of the smaller University units to take this opportunity to speak on the University cuts. **Mary Ellen Baukol, Assistant Dean** at MSU - Great Falls, College of Technology said the 25% cuts on travel will affect them. (further testimony not heard even after the Chairman told her to stand closer to the microphone).

Representative Tropila said some of the agencies did comply with the 25% reduction two sessions ago and they are being penalized because some agencies are showing the same figures as two sessions ago. **Representative Lewis** said when the cut equivalent to 25% of the previous year's travel, the agency has the flexibility to move money around within their budget if they determine that they need to backfill by reducing the money they spend on contracted services. They should not think about this as a specific line item; you must cut travel by 25%. The agencies have to set priorities within their agencies to determine what they will do next.

Representative Kaufmann referred a question concerning travel cuts to **Jeff Hagener, Director, Fish, Wildlife and Parks. Mr. Hagener** said in the case of the reduction that is proposed now, it will not affect general fund from their agency because money they used for travel was a very small amount.

His Department did what **Representative Lewis** referred to. When they took reductions the past two years, they moved other monies into their travel from other operations areas. They have reduced their travel amounts as requested and stepped down the mileage. Two years ago they were about 5 1/2 million miles they drive per year and are now down to 5 million miles now. They have reduced

their out-of-state travel from 150,000 to 110,000 miles. This would be a further reduction from that.

Representative Buzzas said she has also heard concerns from some of the smaller agencies who deliver a service and travel over a wide area.

Representative Fisher to **Representative Tropila** concerning the School for the Deaf and Blind. **\$25,000 was put back into travel by Representative Tropila's amendment.**

Ron Sexton, Chancellor, Montana State University, Billings said the reduction impacts are somewhat unique on his campus. It will hit hardest, the students who have first generation college attendance, to pay for a college education. Those students are very dependent on financial aid. Another area is the College of Technology. At this point, they are anticipating that a 15% to 20% increase in enrollment for the fall semester. They will not have the resources to provide faculty staffed classes as they anticipate those enrollment increases. That is based on actual registration and enrollment numbers.

Representative McCann referred a question to **Chancellor Sexton** concerning the Montana Tuition Assistance program. Was this reduced? **Chancellor Sexton** said no. They made reductions in administrative budget. **Representative McCann** asked why the freshmen will be hit hardest with the reduction impact?

Chancellor Sexton referred to the student body which is largely a non-traditional population of students. They have limited resources and many of those are first generation college attendees. Basically, the families are not accustomed to saving and looking ahead. They are generally taking between 8, 10 or 12 hours. If they adjust those on a semester basis, depending upon the financial aid available to them or the money they can earn holding down a part-time job, there is a substantial number of students who will have to make a decision, come fall semester, whether or not they can afford to buy books. They will have to make a decision whether to attend or not.

Representative Lewis referred to **Chancellor Sexton**, saying it seemed to him the on-line courses would be fairly economical to offer and if they don't offer the new ones, the students will just go somewhere else. **Chancellor Sexton** said it is a matter of fact that 90% of their budget is committed to existing contractor faculties and other personnel and he does not have the resources to staff the additional courses on-line. Taking \$1.187 million out of their budget at this point in time, when they are two months into this budget year, makes those kinds of decisions necessary.

Representative Kasten asked how many non-traditional students there are, their ages and are they students retraining for a different job? **Chancellor Sexton** said about 65% of their 4400 students are non-traditional students. The average age is about 26-27; 68% of the overall enrollment are female; most of those students will require about 6 or 7 years to complete their degree program; almost all of them are working and most of them are raising a family and are holding down one or two part-time jobs as well as going to school.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 29.5}

EXECUTIVE ACTION ON HB 2 AS AMENDED

Motion/Vote: REP. CLARK moved that HB 2 DO PASS AS AMENDED. Motion carried 12-5 with Representatives Buzzas, Callahan, Jayne, Kaufmann and Lindeen voting no.

Vice Chair Clark presided at this point.

HEARING ON HB 13

Sponsor: **Representative Lewis** said this is a Bill that puts \$400,000 in the general fund and takes it out of the internal service account within the Department of Revenue. This was part of the original executive proposal. The executive didn't really think they needed a Bill to authorize. The legislative staff felt there was a need for a separate piece of legislation. All this does is authorize the executive to take out of this internal service account, in the bad debt unit, \$400,000 of excess revenue that has built up and transfer it into the general fund.

Proponents: Jane Hamman, Office of Budget and Program Planning

Opponents: None

Questions from Committee Members and Responses: **Representative Kaufmann** asked **Representative Lewis** what this \$400,000 might have been used for if it had stayed in that fund? **Representative Lewis** said when they set up that centralized collection unit within the Department, they had some start-up capital, and this is just some money they used in the beginning to start up. It will have no effect on the operation of the unit.

Representative Jayne asked what is the \$400,000 in excess from? **Taryn Purdy, Legislative Fiscal Division**, said the Department was given a supplemental appropriation in the last legislative session because this account got into some trouble and the

supplemental appropriation was too high. It was about \$1 million. They set up the customer service account which was supposed to be entirely self-supporting after a time. The Department of Revenue was going to do some revenue collection work for other agencies. This did not pan out and they did not receive the income that they thought they were going to receive. They had now cut way back on the operations of that unit and that was essentially what happened.

Representative Buzzas asked if this is a one-time transfer. **Representative Lewis** said yes it is a one-time transfer to the general fund.

Closing by Sponsor: **Representative Lewis** closed the Hearing on HB 13.

HEARING ON HB 15

Sponsor: **Representative Buzzas** said this Bill strikes the funding passed by the 2001 Legislature for a Washington, D.C. office that is part of the Governor's Economic Development Office. In weighing the benefit of a Washington, D.C. against the loss of existing jobs and services, she believed at the time of drafting this Bill, that saving existing Montana jobs outweighs the benefit of establishing a high cost office in Washington, D.C. Because the Appropriations Committee passed an amendment to HB 10 in the pre-session Hearings that included elimination of this particular line-item she will Table this Bill in Executive Session.

HEARING ON HB 16

Sponsor: **Representative Dee Brown, HD 83, Hungry Horse** said HB 16 will save the taxpayers of Montana between \$1 million and \$1.5 million a year. It will maximize the general fund's interest earnings by limiting inter entity loans and force state agencies to bill the federal government or other third parties for reimbursement before they seek funding from our state coffers. It also will have to certify that they have a timely billing mechanism in place to assure that the short term loans from the state interest bearing accounts will be paid back without several months, or even years, passing by. **EXHIBIT(aph01a01)**
EXHIBIT(aph01a02)

Proponents: None

Opponents: Kandi Matthew Jenkins, Missoula, referred to Health and Human Services, is concerned about how the money is spent.

Questions from Committee Members and Responses: Representatives McCann, Fisher, Hedges, Kaufmann, Buzzas to Representative Brown for further clarification.

{Tape : 1; Side : B; Approx. Time Counter : 0 - 29.1}

In response to a question from **Representative McCann**, **Representative Lewis** said this issue has been around for almost 30 years. This is a good Bill and he would like to see the fiscal note.

Further Questions from Committee Members: Representative Kaufmann to Ms. Hamman.

Representatives Jayne, Tropila, Hedges to Representatives Brown and Lewis for clarification.

Representative Lewis said when the original revenue estimate was made, there was an assumption of how much general fund balance it had to earn interest on. That would be based on history.

In answer to a question from **Representative Hedges, Cathy Muri, Administrative Financial Services Division, Department of Administration** said they have a standard form that each agency is required to fill out before they grant a loan. The forms tell them how much money is needed, what revenue sources they have to pay back, or what is the collateral and when they plan to pay it back. This information is required before they issue any loans.

Questions from Committee Members: Representatives Fisher, Pattison, Buzzas to Ms. Muri and Representative Brown.

Closing by Sponsor: Representative Brown closed the Hearing on HB 16.

HEARING ON HB 14

Sponsor: Representative Sylvia Bookout-Reinicke, HD 71, said this Bill proposes lowering the salary of legislators by 10%. It will not affect their traveling to the legislature from their home or returning home. It will not affect the daily rate.

Proponents: None

Opponents: None

Informational Witnesses: Representative Tom Facey, HD 67 said in 1999 their per diem was \$75 a day and in 2001 it was \$87.25. That was a 16.3% increase per diem. In 1995 it was \$50 a day.

Questions from Committee Members and Responses: In response to a question from Representatives Buzzas, Representative Bookout-Reinicke said the Constitution states that they cannot set their own salary. So they cannot lower their salary for this session. They can only lower it for the upcoming session for the next group of people. However, effective January, 2005, those legislators will get a 3% increase.

Representatives Kaufmann, McCann, Pattison to Representative Bookout-Reinicke.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 29.6}

Closing by Sponsor: Representative Bookout-Reinicke closed the Hearing on HB 14

EXECUTIVE ACTION ON HB 13

Motion/Vote: REP. CLARK moved that HB 13 DO PASS. Motion carried unanimously.

EXECUTIVE ACTION ON HB 15

Motion/Vote: REP. BUZZAS moved that HB 15 BE TABLED. Motion carried unanimously.

Chairman Lewis made announcements and adjourned the meeting.

ADJOURNMENT

Adjournment: 11:40 A.M.

REP. DAVE LEWIS, Chair

MARY LOU SCHMITZ, Secretary

DL/MS

EXHIBIT(aph01aad)